

## Message Text

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73

ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-11 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 AID-20 COME-00 EB-11 FRB-03 TRSE-00 XMB-07

OPIC-12 CIEP-03 LAB-06 SIL-01 OMB-01 SAJ-01 DRC-01

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R 051621Z SEP 74

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 1940

INFO AMEMBASSY LUXEMBOURG

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS

UNCLAS BRUSSELS 6791

E.O. 11652: NA

TAGS: PINT, ECON, ELAB, BE

SUBJECT: POLITICAL PARTIES AND TRADE UNIONS ZERO IN ON

INFLATION AS NUMBER ONE PROBLEM

1. SUMMARY: IN SERIES OF PRESS CONFERENCES SEPTEMBER 3 AND 4 MAJOR POLITICAL PARTIES (SOCIAL CHRISTIANS AND SOCIALISTS) AND THEIR RESPECTIVE TRADE UNION ALLIES (CSC AND FGFB) HAVE HIGHLIGHTED IMMEDIATE NEED TO GRAPPLE WITH PROBLEM OF INFLATION DURING FALL PARLIAMENTARY SESSION. CSC HAS CALLED FOR BLOCKING OF PRICES FOR THREE MONTHS, OR MORE IF NECESSARY, IF COST OF LIVING HAS NOT DROPPED BY END OF OCTOBER. FGFB HOLDING TWO CONGRESSES IN SEPTEMBER AND OCTOBER TO PREPARE FOR "CONFRONTATION WITH GOVERNMENT." SOCIALIST PARTY (PSB) HAS CALLED FOR EMERGENCY CONVOCAION OF PARLIAMENT TO TAKE MEASURES TO COMBAT INFLATION. GOVERNING SOCIAL CHRISTIANS (PSC) RECOGNIZE IMPORTANCE OF COMBATTING INFLATION NOW WHILE AT THE SAME TIME REJECTING NEED TO CONVOKE PARLAMENT BEFORE NORMAL MID-OCTOBER DATE. END SUMMARY.

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2. SECGEN OF FGFB, GOERGES DEBUNNE, IN PRESS CONFERENCE SEPT 3 FIRED OPENING SHOT IN FALL SOCIO-POLITICAL DEBATE ON INFLATION. DEBUNNE WAS CRITICAL OF MINISTER OF ECONOMIC AFFAIRS' HANDLING OF FIGHT ON INFLATION AND SAID FGFB SEEKS CONFRONTATION WITH GOVERNMENT ON THIS QUESTION. HE SAID FGFB WANTS REAL NOT PROFOMA CONSULTATION WITH GOVERNMENT. DEBUNNE SAID FGFB WILL BOYCOTT PETROLEUM PRICING COMMISSION WHICH IS EXAMPLE OF PROFOMA CONSULTATION WHICH FGFB OPPOSES. HE SAID FGFB WILL HOLD PRELIMINARY INFORMATION CONGRESS SEPTEMBER 13 IN PREPARATION FOR EXTRAORDINARY CONGRESS OCTOBER 11 TO OUTLINE FGFB PROPOSALS FOR COMING YEAR.

3. ON FOLLOWING DAY CHRISTIAN (CSC) TRADE UNION LEADER JOSEPH HOUTHUYS CALLED FOR GOVERNMENT TO SUBMIT TO PARLIAMENT LAW AUTHORIZING BLOCKING OF ALL PRICES FOR THREE MONTHS WITH POSSIBILITY OF TWO MONTH-LONG EXTENSIONS. HE SAID THIS MEASURE COULD BE TAKEN IF BY END OF SEPTEMBER OR OCTOBER PRICES CONTINUED TO RISE AT PRESENT RATE. HE EXCLUDED THE POSSIBILITY OF BLOCKAGE OF SALARIES AT THIS TIME BUT SAID PRICE FREEZE WOULD PERMIT STABILIZATION OF SALARIES AND MORE REALISTIC NEGOTIATION OF UPCOMING AGREEMENTS.

4. SOCIALIST PARTY LEADERS, EDMOND LEBURTON AND JOS VAN EYNDE, IN PRESS CONFERENCE SAME DAY CALLED FOR URGENT CONVOCAATION OF PARLIAMENT AND CRITICIZED INACTION OF GOVERNMENT IN PAST MONTHS WHILE PRICES CONTINUED TO RISE.

5. SOCIAL CHRISTIAN PARTY ALSO HELD PRESS CONFERENCE SEPT 4 IN WHICH ITS SPOKESMAN, SENATOR GEORGES GRAMME, ACTING PRESIDENT OF PSC, NOTED THAT PROBLEM OF INFLATION WAS IMPORTANT BUT GOVERNMENT WOULD CONTINUE TO CARRY OUT REGIONALIZATION PROGRAM. PSC DAILY "LA LIBRE BELGIQUE" SPECULATES THIS COULD BRING ABOUT MEDIUM-SIZED ENLARGEMENT WITH POSSIBLE NOMINATION OF FOUR REGIONAL SECRETARIES OF STATE. GRAMME ALSO INDICATED THAT MAJOR ENLARGEMENT WAS NOT POSSIBLE AT THIS TIME. HE CONCLUDED THAT GOVERNMENT'S TOP PRIORITY WAS CONTROL OF PRICES, EMPLOYMENT AND ECONOMIC ACTIVITY.

6. COMMENT: SOCIALIST PARTY AND TRADE UNION APPEAR TO HAVE SEIZED INITIATIVE ON INFLATION PROBLEMS IN ORDER TO ATTEMPT TO UNCLASSIFIED

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EMBARRASS COALITION GOVERNMENT FOR INABILITY TO CURB INFLATION. WHETHER THESE OPENING SALVOS WILL LEAD TO CONCRETE ACTION IN PARLIAMENT OR ELSEWHERE IS YET TO BE SEEN. IN TERMS OF PARTY POLITICS, SOCIALIST DECISION TO ASSAULT GOVERNMENT ON INFLATION ISSUE INDICATES SOCIALIST LEADERSHIP HAS DECIDED PARTY FORTUNES WILL BE BEST SERVED BY SADDLING TINDEMANS GOVERNMENT WITH COUNTRY'S ECONOMIC WOES. THUS, PROSPECTS OF SOCIALISTS ENTERING GOVERNMENT COALITION THIS YEAR ARE NOW MINIMAL. FIRESTONE

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